

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re :  
Case No. 08-12226 (MG)  
PACE PRODUCT SOLUTIONS, INC., :  
Debtor. : (Chapter 11)  
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**AFFIDAVIT PURSUANT TO LOCAL RULE 9077-1(a)**  
**IN SUPPORT OF ORDER TO SHOW CAUSE**

STATE OF NEW YORK )  
: ss  
COUNTY OF NEW YORK )

Susan D. Golden, being duly sworn, deposes and says:

1. I am an attorney employed at the office of the United States Trustee (the “UST”), located at 33 Whitehall Street, New York, New York 10004.

2. I submit this affidavit in support of the Order To Show Cause for an order directing the appointment of a Chapter 11 Trustee or, in the alternative, converting the case to Chapter 7, and accompanying memorandum of law and declaration filed contemporaneously herewith.

3. On July 16, 2008, Summa Capital Corp. (“Summa”), the Debtor’s secured lender, filed an emergency motion seeking relief from the automatic stay pursuant to 11 U.S.C. 362(d)(1) (the “Lift Stay Motion”). Summa argued that the Debtor improperly used cash collateral post-petition without Summa’s consent or Court approval and that the Debtor has created accounts receivable through and in the name of non-debtor entities. ECF No. 3 at 2.

4. On July 17, 2008, the Court entered an order shortening notice and scheduled an evidentiary hearing on the Lift Stay Motion for July 21, 2008. ECF No. 5.

5. On July 21, 2008, the Debtor filed its Objection to the Lift Stay Motion. ECF No. 11.

6. As more fully set forth in the Memorandum of Law, the immediate relief requested herein is necessary because at the July 21 evidentiary hearing, the Debtor's principal disclosed that the Debtor has used cash collateral post-petition without Summa's consent or Court approval and that the Debtor has operated the Debtor's business and credited the Debtor's accounts receivable through and in the name of a non-debtor subsidiary in lieu of opening a debtor-in-possession bank account. Prior to the hearing, these actions were not disclosed to the Court, the United States Trustee and parties in interest. Therefore, due to the lack of transparency in this case, the Debtor should not be left in control of this estate. Accordingly, the United States Trustee requests that the Court schedule a hearing on the Application on July 24, 2008.

7. I submit that, under these circumstances, it is appropriate to move by order to show cause rather than notice of motion.

8. No prior request for the relief requested has been made by the United States Trustee.

/s/ Susan D. Golden  
Susan D. Golden

Sworn to before me  
on the 22d day of July, 2008

/s/ Darin Lee Mobley  
NOTARY PUBLIC

